

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 24-12480 (LSS)

(Jointly Administered)

**Re: D.I. 1454, 1596, 1605**

**APPLICATION OF KIN LANDLORDS FOR ALLOWANCE AND PAYMENT OF  
ADMINISTRATIVE EXPENSE CLAIMS PURSUANT TO 11 U.S.C. §§ 365(d)(3) AND  
503(b)(1)(A) ARISING FROM NON-RESIDENTIAL REAL PROPERTY LEASES**

Kin Properties Inc., as managing agent, and Steven Sandelman, Elyse Chodkowski (nee, Elyse Sandelman) and Tracy Brewer as Co-Trustees of the Alisan Trust (“Alisan Trust”), Steven Sandelman, Elyse Chodkowski (nee, Elyse Sandelman) and Tracy Brewer as Co-Trustees of the Diajeff Trust (“Diajeff Trust”), Stowsan Limited Partnership, and Esue LLC (collectively, the “Kin Landlords”), pursuant to 11 U.S.C. §§ 365(d)(3) and 503(b), hereby file this application

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

(“Application”) and request entry of an order, substantially in the form attached hereto as **Exhibit A**, granting allowance and payment of post-petition claims (the “Claims”) arising under leases of non-residential real property. In support of this Application, the Kin Landlords respectfully state as follows:

### **JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are 11 U.S.C. §§ 365(d)(3), 503(a) and 503(b)(1)(A).

### **BACKGROUND**

2. On or about November 3, 2024 (the “Petition Date”), the above-captioned debtors and debtors in possession (the “Debtors”) commenced these chapter 11 cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) in this Court.

3. Kin Landlords Alisan Trust, Diajeff Trust and Stowsan Limited Partnership, and debtor American Freight Outlet Stores, LLC (“American Freight”), are parties to that certain Outlet Store Lease dated as of May 19, 2020 (together with all exhibits and attachments thereto, as may be amended and assigned from time to time, the “Pittsburgh Lease”), for the non-residential real property located at 2003 Cheryl Drive, Pittsburgh, Pennsylvania, as more particularly described in the Pittsburgh Lease (the “Pittsburgh Premises”).

4. Kin Landlord Esue LLC and debtor American Freight are parties to that certain Outlet Store Lease dated as of December 4, 2009 (together with all exhibits and attachments thereto, as may be amended and assigned from time to time, the “Florence Lease”), for the non-

residential real property located at 51 Spiral Drive, Florence, Kentucky as more particularly described in the Florence Lease (the “Florence Premises”).

5. On January 10, 2025, the Court entered the *Sixth Omnibus Order, Pursuant to Sections 105(a), 365(a), and 554 of the Bankruptcy Code Authorizing the Debtors to (I) Reject Certain Unexpired Leases, Effective as of the Rejection Date; and (II) Abandon Personal Property* [D.I. 713], authorizing the rejection of the Florence Lease effective as of December 31, 2024 (the “Rejection Date”).

6. On January 10, 2025, the Court entered the *Eighth Omnibus Order, Pursuant to Sections 105(a), 365(a), and 554 of the Bankruptcy Code Authorizing the Debtors to (I) Reject Certain Unexpired Leases, Effective as of the Rejection Date; and (II) Abandon Personal Property* [D.I. 714], authorizing the rejection of the Pittsburgh Lease effective as of the December 31, 2024 Rejection Date.

7. On June 2, 2025, the Court entered its *Findings of Fact, Conclusions of Law, and Order (I) Confirming the Ninth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and Its Debtor Affiliates and (II) Approving the Global Settlement and Release of Claims and Causes of Action By and Among the Global Settlement Parties* [D.I. 1596].

8. On June 6, 2025, the Debtors filed a *Notice of (I) Entry of Confirmation Order, (II) Occurrence of Effective Date, and (III) Related Bar Dates* [D.I. 1605].

### **RELIEF REQUESTED**

9. By this Application, the Kin Landlords request allowance and payment of all amounts due and owing under the Pittsburgh Lease and the Florence Lease arising from and after the Petition Date and through the Rejection Date, pursuant to sections 365(d)(3) and 503(b)(1)(A) of the Bankruptcy Code.

10. From and after the Petition Date, American Freight continued to lease the Pittsburgh Premises and the Florence Premises from the corresponding Kin Landlords. The Debtors rejected the Pittsburgh Lease and the Florence Lease effective as of December 31, 2024.

11. Pursuant to section 365(d)(3) of the Bankruptcy Code, American Freight was required to perform all obligations under the Pittsburgh Lease and Florence Lease arising from and after the Petition Date until the leases were rejected. 11 U.S.C. § 365(d)(3). Further, section 503(b)(1)(A) of the Bankruptcy Code provides administrative priority status to claims for the actual, necessary costs and expenses of preserving an estate, including amounts owed under unexpired leases of non-residential real property for the use and occupation of the premises. *See In re Goody's Family Clothing, Inc.*, 610 F.3d 812, 818 (3d Cir 2010).

12. American Freight has failed to pay certain obligations due and owing under the Pittsburgh Lease and Florence Lease from and after the Petition Date and through the Rejection Date in the amounts set forth on **Exhibit B** hereto.

13. The Kin Landlords are entitled to allowance and immediate payment of the post-petition claims under the Pittsburgh Lease and Florence Lease pursuant to sections 365(d)(3) and 503(b)(1)(A) of the Bankruptcy Code.

#### **RESERVATION OF RIGHTS**

14. The Kin Landlords expressly reserve all rights, claims, actions, defenses, set-offs, or recoupments to which they are or may be entitled under the Pittsburgh Lease and Florence Lease, applicable law or in equity. The Kin Landlords further reserve all rights to amend and supplement its Claims.

WHEREFORE, the Kin Landlords hereby request that the Court enter an order, substantially in the form of **Exhibit A** attached hereto, allowing and directing immediate payment of the Claims, and granting the Kin Landlords such other or further relief as is just and proper.

Dated: July 7, 2025

**BAYARD, P.A.**

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